

## ORDINANCE NO. 45-945

AN ORDINANCE OF THE CITY OF WICHITA, KANSAS (THE "CITY"), AUTHORIZING THE EXECUTION OF A CONTRACT FOR LOAN LOSS RESERVE WITH SOUTH CENTRAL KANSAS ECONOMIC DEVELOPMENT DISTRICT, INC. ("SCKEDD") UNDER THE SBA MICROLOAN PROGRAM PURSUANT TO PUBLIC LAW 102-140, AS AMENDED, IN CONNECTION WITH THE FINANCING OF A PORTION OF THE LOANS EXTENDED TO QUALIFIED ELIGIBLE SMALL BUSINESSES WITHIN THE CITY OF WICHITA UNDER THE SBA MICROLOAN PROGRAM AND AUTHORIZING THE APPOINTMENT OF A LOAN COMMITTEE TO REVIEW AND APPROVE SUCH LOAN LOSS RESERVE.

WHEREAS, SCKEDD participates in the Small Business Administration Microloan Program, which was authorized on October 28, 1991 with the enactment of Public Law 102-140, The Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act of 1992; and,

WHEREAS, The Microloan Program assists small businesses (as defined by the Small Business Administration) with the funding of working capital, expansion, purchasing inventory, equipment financing, leasehold improvements and most other business needs, but cannot finance improvements to residential property, purchases of real estate, nor refinancing of existing debt; and,

WHEREAS, The purpose of the Microloan Program is to assist women, low-income, veterans, and minority entrepreneurs, as well as business owners, and other individuals possessing the capability to operate successful business concerns and to assist small business concerns in those areas suffering from a lack of credit due to economic downturn; and,

WHEREAS, SCKEDD operates the Microloan Program throughout SCKEDD's fourteen county area, to include the City of Wichita; and,

WHEREAS, The Microloan Program has regulations limiting the size of loan, the size of the project for which the microloan will be participating, the interest rate that can be charged and the term of the loan, establishing eligibility requirements and requiring a Loan Loss Reserve; and,

WHEREAS, The Small Business Administration's Microloan Program has regulations specific to the Loan Loss Reserve that control both its sources and uses, which are found in 13 CFR Part 120.708-710, and provide that the source of the funds must be non-federal and cannot be borrowed; and,

WHEREAS, SCKEDD must have the funds in the Loan Loss Reserve, before it can make loans, and cannot internally generate sufficient funds for the Loan Loss Reserve to meet the demands for Microloans; and,

WHEREAS, The City shares the desire to assist women, low-income, veterans, and minority entrepreneurs, as well as business owners, and other individuals possessing the capability to operate successful business concerns and to assist small business concerns to stimulate the economy; and,

WHEREAS, The City does not desire to duplicate an existing program, but to maximize the effect of the dollars it invests in the small business community; and,

WHEREAS, The City can maximize said effect by granting funds to SCKEDD to fund the SBA Microloan Loan Loss Reserve; and,

WHEREAS, the City, by action of the City Council on November 18, 2003, allocated \$50,000 from 1983 Mortgage Revenue Bond closing proceeds for the SBA Micro Loan Program Loan Loss Reserve Fund pursuant to 13 CFR 120.708-710; and,

WHEREAS, The City and SCKEDD agree to work together on SCKEDD's Microloan Program within the city limits of Wichita; and,

WHEREAS, the City desires a Loan Committee, comprised of not less than three nor more than five members appointed by the City Council, to make the loan/investment decisions for such loans.

WHEREAS, Article 12, Section 5 of the Kansas Constitution empowers cities to determine their local affairs and government, and under such authority, the governing body of the City hereby finds and determines that it is necessary and desirable, in connection with the SBA Microloan Program to provide the loan loss reserve required to finance SBA Microloans to eligible borrowers with projects within the City of Wichita (the “Business Borrowers”), to execute and deliver the Agreement between SCKEDD and the City and provide for appointment a Loan Committee.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS AS FOLLOWS:

Section 1. Authorization of Agreement with SCKEDD. The City is hereby authorized to execute a SBA Microloan Agreement, by and between the City and the South Central Kansas Economic Development District, Inc. (“SCKEDD”) in a form substantially similar to that prepared by City Staff prior to the passage of this Ordinance, specifying the goals, work program and hours of operation, the budget, method of payment and reporting requirements for SCKEDD to comply with in the provision of SBA Microloans to the Business Borrowers who have their business located within the corporate limits of the City of Wichita and providing for the City to provide the loan loss reserve for SBA Microloans approved by the City’s Loan Committee.

Section 2. Loan Committee. The City is hereby authorized to appoint a Loan Committee to be comprised of not less than three nor more than five members appointed by the City Council who shall make loan/investment decisions for the provision of City loan loss reserve funds for eligible SBA Microloans, providing that at least three members shall constitute a quorum for purposes of conducting business.

Section 3. Execution of Documents. The Director of Finance or Acting Director of Finance is hereby authorized to approve disbursements of City contributions to loan loss reserve funds pursuant to the SBA Microloan Agreement with SCKEDD and following the approval of the Loan Committee.

Section 4. Further Authority. The City shall, and the officers, agents and employees of the City are hereby authorized and directed to take such further action as necessary to carry out and give effect to the transactions contemplated by this Ordinance and the SBA Microloan Agreement.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its adoption by the governing body of the City of Wichita, Kansas, and publication once in the official newspaper of the Issuer.

PASSED by the Governing Body of the City of Wichita, Kansas this 16th day of December, 2003.

CITY OF WICHITA, KANSAS

By \_\_\_\_\_  
Carlos Mayans, Mayor

ATTEST:

\_\_\_\_\_  
Karen Schofield, City Clerk

(SEAL)

Approved as to Form:

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Gary E. Rebenstorf  
City Attorney